Independent Auditors' Reports Financial Statements Schedule of Findings

December 31, 2016 and 2015

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Officials

Name	<u>Title</u>	Representing	
Shayna Zmolek	Member	City of Tama	
Adam Anderson	Member	City of Tama	
Cletus Miller	Member	City of Tama	
Mike Thede	Member	City of Toledo	
Jamie Upah	Member	City of Toledo	
Jan Boll	Member	City of Toledo	
Jill Apfel	Bookkeeper	City of Toledo	
Dan Rathjen	Attorney		





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Independent Auditors' Report

To the Members of the Tama Toledo Family Aquatic Center:

Report on the Financial Statements

We have audited the accompanying financial statements of the Tama Toledo Family Aquatic Center as of and for the years ended December 31, 2016 and 2015, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the Tama Toledo Family Aquatic Center as of December 31, 2016 and 2015, and the respective changes in its cash basis financial position for the years then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with <u>Government Auditing Standards</u>, we have also issued our report dated January 27, 2017 on our consideration of the Tama Toledo Family Aquatic Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> in considering Tama Toledo Family Aquatic Center's internal control over financial reporting and compliance.

Bowman and Miller, P.C.

Marshalltown, Iowa January 27, 2017

Statements of Cash Receipts, Disbursements and Changes in Cash Balance As of and for the years ended December 31, 2016 and 2015

	_	2016	2015
Operating receipts:	ď	100.000	100 000
City contributions	\$	108,000	108,000
Daily admission		27,568	27,301
Season passes		29,100	24,810
Parties		3,600	3,350
Water classes		6,658	7,767
Food sales		24,176	23,446
Miscellaneous	_	1,001	1,761
Total operating receipts	_	200,103	196,435
Operating disbursements:			
Chemicals		21,914	20,138
Supplies		18,617	17,040
Training		455	332
Utilities		26,019	32,985
Insurance		14,758	11,295
Professional fees		2,600	126
Equipment purchases		_	5,998
Repairs and maintenance		20,909	14,730
Sales tax		4,469	4,096
Uniforms		1,440	1,473
Salaries and wages		86,439	88,038
Payroll taxes		6,613	6,735
Miscellaneous		3,503	3,205
Total operating disbursements		207,736	206,191
Change in cash balance		(7,633)	(9,756)
Cash balance beginning of year		66,401	76,157
Cash balance end of year	\$	58,768	66,401
Cash Basis Fund Balance			
Unrestricted	\$	59 760	66 401
Officenticion	• ==	58,768	66,401

Notes to Financial Statements December 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

The Tama Toledo Family Aquatic Center is a voluntary joint undertaking of the City of Tama, Iowa and the City of Toledo, Iowa as authorized by Chapter 28E of the Code of Iowa. The purpose of the entity is to run the aquatic center for the Tama/Toledo area.

The governing body of the entity is comprised of three representatives from the City of Tama and three representatives from the City of Toledo. Each member has one vote.

A. Reporting Entity

For financial reporting purposes, the Tama Toledo Family Aquatic Center has included all funds, organizations, agencies, boards, commissions and authorities. The entity has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the entity are such that exclusion would cause the entity's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the entity to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the entity. The entity has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the entity are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The entity maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the entity are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present the financial position and results of operations of the entity in accordance with U.S. generally accepted accounting principles.

Notes to Financial Statements (Continued) December 31, 2016 and 2015

Note 2 – Cash and Investments

The entity's deposits in banks at December 31, 2016 and 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The entity is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the entity; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The entity had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

Note 3 – Risk Management

The Tama Toledo Family Aquatic Center is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The entity assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 4 – Related Party Transactions

The entity had business transactions between the entity and an entity official totaling \$800 during both years ended December 31, 2016 and 2015.

Note 5 – <u>Date of Management Evaluation</u>

The entity has evaluated subsequent events through January 27, 2017, the date which the financial statements were available to be issued.





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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with Government Auditing Standards

To the Members of the Tama Toledo Family Aquatic Center:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States, the financial statements of the Tama Toledo Family Aquatic Center as of and for the years ended December 31, 2016 and 2015, and the related Notes to Financial Statements, and have issued our report thereon dated January 27, 2017. Our report expressed an unmodified opinion on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tama Toledo Family Aquatic Center's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tama Toledo Family Aquatic Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tama Toledo Family Aquatic Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Tama Toledo Family Aquatic Center's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tama Toledo Family Aquatic Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under <u>Government Auditing</u> Standards.

Comments involving statutory and other legal matters about the entity's operations for the years ended December 31, 2016 and 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the entity. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Tama Toledo Family Aquatic Center's Responses to the Findings

The Tama Toledo Family Aquatic Center's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Tama Toledo Family Aquatic Center's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Tama Toledo Family Aquatic Center during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

Marshalltown, Iowa January 27, 2017

Schedule of Findings Years ended December 31, 2016 and 2015

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

- (1) <u>Questionable Disbursements</u> –No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) <u>Travel Expense</u> No disbursements of the entity's money for travel expenses of spouses of entity officials or employees were noted.
- (3) <u>Entity Minutes</u> No transactions were found that we believe should have been approved in the entity's minutes but were not.

Although entity proceedings were published, the summary of proceedings for one meeting was published more than 20 days after the meeting as required by Chapter 28E.6 of the Code of Iowa. In addition, certain minutes were not signed by the entity's Secretary.

<u>Recommendation</u> – The entity should ensure the summary of the proceedings should be submitted for publication within 20 days following adjournment of the meeting. All minutes should be signed to authenticate the action taken.

<u>Response</u> – We will publish minutes in a timely manner and sign all minutes after approval by the board.

<u>Conclusion</u> – Response accepted.

(4) <u>Deposits and Investments</u> – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the entity's investment policy were noted.

Schedule of Findings Years ended December 31, 2016 and 2015

Other Findings Related to Required Statutory Reporting (continued):

(5) <u>Business Transactions</u> – Business transactions between the Tama Toledo Family Aquatic Center and Tama Toledo Family Aquatic Center officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Jamie Upah, Board Member, Swimming lesson coordinator	Set up Red Cross swimming lessons	\$800

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with the Board Member does not appear to represent a conflict of interest since the total transaction was less than \$1,500 during the fiscal year.

(6) <u>Sales Tax</u> – Sales tax was properly collected on appropriate entity revenues and all quarterly reports were filed with the Iowa Department of Revenue. However, two quarterly reports were not timely filed and one sales tax deposit was not timely remitted to the Iowa Department of Revenue.

The entity paid sales tax on the purchase of certain items when it was not required to do so.

Recommendation – The entity should timely file and remit all quarterly sales tax reports and deposits to the Iowa Department of Revenue in accordance with section 701-12.1 of the Iowa Department of Revenue Administrative Rules and Regulations and should only pay sales tax on applicable transactions where required.

<u>Response</u> – We will file and remit all quarterly sales tax reports and deposits to the Iowa Department of Revenue in a timely manner and only pay sales tax on applicable transactions.

Conclusion - Response accepted.

(7) <u>Payroll</u> – During the testing of payroll, it was noted that one employee was not paid the rate that was approved by the entity's board.

<u>Recommendation</u> – Payroll should be done at the board approved rates.

<u>Response</u> – We will issue the employee a paycheck for the difference in pay.

Conclusion – Response accepted.

Staff

This audit was performed by:

Bowman and Miller, P.C. Certified Public Accountants Marshalltown, IA 50158

Personnel:

Elizabeth A. Miller, C.P.A., Partner Taylor G. Johnson, C.P.A., Partner